

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 203417
ORIGIN ABF-01

INFO OCT-01 EUR-12 EA-10 ISO-00 EB-08 /032 R

DRAFTED BY A/BF/OAG:JHSOUTHERLAND
APPROVED BY A/BF/OAG:JHSOUTHERLAND
EB/OT/STA:LLEVINE
EUR/WE:MCRAMERUS
EUR/NE:WNEWLIN
EUR/WE:VBROD
EA/J:RKILPATRICK
EUR/CAN:RSMITH
EUR/CE:SKLINGAMAN

-----048456 111725Z /47

R 111531Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
INFO AMCONSUL FRANKFURT
USCG HONOLULU HAWAII

LIMITED OFFICIAL USE STATE 203417

FRANKFURT FOR EDER, GAO; USCG PASS USGAO FOR DIRECTOR,

E.O. 11652: N/A

TAGS: AGAO, ELTN

SUBJECT: GAO STUDY OF INTERNATIONAL URBAN RAILCAR MARKET
HONOLULU

1. AT THE REQUEST OF THE SUBCOMMITTEE ON TRANSPORTATION

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 203417

AND RELATED AGENCIES, SENATE APPROPRIATIONS COMMITTEE, THE
GAO HAS INITIATED THE SUBJECT STUDY WITHIN THE DEPARTMENT
AND OTHER U.S. GOVERNMENT AGENCIES TO DETERMINE THE
VALIDITY OF REPORTS THAT U.S. MANUFACTURERS CANNOT COM-
PETE EQUITABLY WITH THE INTERNATIONAL URBAN RAILCAR
MARKET BECAUSE OF FOREIGN GOVERNMENT EXPORT SUBSIDIES AND
INCENTIVES. IN CONJUNCTION WITH THIS STUDY, THE GAO HAS

INFORMED THE DEPARTMENT THAT IT PLANS TO VISIT THE ADDRESSEE POSTS FOR MEETINGS WITH APPROPRIATE HOST GOVERNMENT OFFICIALS AND URBAN RAILCAR MANUFACTURERS.

2. THE PRIMARY PURPOSE FOR THE OVERSEAS PART OF THE ASSIGNMENT WILL BE TO DETERMINE THE LEVEL OF GOVERNMENT ASSISTANCE BEING PROVIDED TO FOREIGN URBAN RAILCAR MANUFACTURERS AND EVALUATE ITS EFFECT UPON THEIR INTERNATIONAL COMPETITIVENESS. SINCE THIS IS A SENSITIVE AREA IT SHOULD BE STRESSED THAT THE U.S. GENERAL ACCOUNTING OFFICE, IN ORDER TO PROVIDE A BALANCED REPORT, IS GIVING FOREIGN GOVERNMENT OFFICIALS AND MANUFACTURERS AN OPPORTUNITY TO REPLY TO ALLEGATIONS FROM U.S. URBAN RAILCAR MANUFACTURERS THAT THEY ARE THE RECIPIENTS OF UNFAIR GOVERNMENT SUBSIDIES AND INCENTIVES WHICH PUT U.S. MANUFACTURERS AT A COMPETITIVE DISADVANTAGE. IT COULD ALSO BE MENTIONED THAT THE INFORMATION AND CONCLUSIONS DERIVED FROM THIS STUDY COULD POSSIBLY BE INSTRUMENTAL IN ANY DECISION TO EXTEND OR NOT TO EXTEND DOMESTIC PREFERENCE LEGISLATION TO URBAN RAILCAR PROCUREMENT.

3. TO FACILITATE ITS FIELD WORK, THE GAO WOULD APPRECIATE THE POST'S ASSISTANCE IN ARRANGING A SCHEDULE OF MEETINGS WITH THE RESPECTIVE HOST GOVERNMENT OFFICIALS AND URBAN RAILCAR MANUFACTURERS SHOWN ON THE FOLLOWING LIST:

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 203417

FOR GERMANY:

RAILCAR MANUFACTURER

1. DUWAG

PROCUREMENT OFFICIALS

1. GERMAN NATIONAL RAILWAYS

2. CITY SUBWAY (REPRESENTATIVE)

FOR BELGIUM:

RAILCAR MANUFACTURERS

1. LA BOURGEOISE

GOVERNMENT/PROCUREMENT OFFICIALS

1. OFFICE NATIONAL DU DUCROIRE

2. OFFICE BELGE DU COMMERCE EXTERIEUR

3. BELGIUM NATIONAL RAILWAYS

FOR CANADA:

RAILCAR MANUFACTURERS

1. CANADIAN VICKERS

2. HAWKER SIDDELEY

3. BOMBARDIER

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 203417

4. UTDC/CANADA

GOVERNMENT/PROCUREMENT OFFICIALS

1. CANADA NATIONAL RAILWAY

2. DEPARTMENT OF INDUSTRY, TRADE, AND COMMERCE

3. PROVINCE OFFICIALS IN CHARGE OF RAILCAR PROCUREMENTS

-- A. ONTARIO

-- B. QUEBEC

FOR FRANCE:

RAILCAR MANUFACTURERS

1. SOCIETE FRANCO BELGE

2. ALSTHOM ATLANTIQUE

3. ANF

4. CAREL FOUCHE LANGUEPIN

5. CIMT

6. DE DIETRICH

7. SOULE

RESEARCH AND CONSULTING ORGANIZATIONS ATTACHED TO THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 203417

NATIONAL RAILWAYS AND PARIS TRANSIT AUTHORITY

1. SOFRERAIL

2. SOFRETU

PROCUREMENT OFFICIALS

1. FRENCH NATIONAL RAILWAYS

2. PARIS SUBWAY

FOR ITALY:

RAILCAR MANUFACTURERS

-

1. BREDASPA

2. SOCIMI SPA

3. TRANSYSTEM

4. FIAT INCLUDING SAVIGLIANO SPA, OMECA SPA, AND
FERROSUD SPA

PROCUREMENT/GOVERNMENT OFFICIALS

1. ITALIAN STATE RAILWAYS

2. SO.FER. EST.

3. EFIM

4. INDUSTRIAL RECONSTRUCTION INSTITUTE

FOR JAPAN

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 06 STATE 203417

RAILCAR MANUFACTURERS

1. NISSHO - IWA

2. MITSUBISHI INSTR

3. NIPPON SHARYO SEIZO
4. KAWASAKI HEAVY INDUS
5. TCKYU CAR CORP.
6. KINKI SHARYO
7. HITACHI LTD.
8. MAJOR TRADING COMPANY

GOVERNMENT /PROCUREMENT OFFICIALS

1. MINISTRY FOR INTERNATIONAL TRADE AND INVESTMENT
2. JAPAN NATIONAL RAILWAYS
3. KEIDANREN
4. KYOTO TRANSIT AUTHORITIES
5. TOKYO TRANSIT AUTHORITIES

THE GAO IS AWARE THAT CONTACTS WITH FOREIGN OFFICIALS ARE
AT THE DISCRETION OF THE AMBASSADOR, TO BE MADE BY THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 07 STATE 203417

EMBASSY AND AN EMBOFF TO ACCOMPANY, IF FEASIBLE.

4. FOR THE POST'S INFORMATION AND BACKGROUND THERE
FOLLOWS A SAMPLE OF THE GENERAL LINES OF INQUIRY THE
GAO REPRESENTATIVES WILL TAKE UP IN THEIR DISCUSSIONS
WITH GOVERNMENT OFFICIALS AND URBAN RAILCAR MANUFACTURERS'
REPRESENTATIVES. THE INQUIRIES ARE GENERAL IN NATURE AND
ARE SUBJECT TO EXPANSION AND REFINEMENT AS THE REVIEW
PROGRESSES. ALSO, SPECIFIC QUESTIONS EXIST WHICH ARE
UNIQUE TO A PARTICULAR COUNTRY AND ARE NOT INCLUDED IN
THE LISTING:

1. IDENTIFICATION OF ANY GOVERNMENT SUBSIDIES AND
INCENTIVES WHICH FOREIGN RAILCAR MANUFACTURERS ARE
ELIGIBLE FOR AND MAKE USE OF. THESE INCLUDE BUT ARE NOT
LIMITED TO REGIONAL AIDS, OFFICIAL EXPORT FINANCING,
MARKETING ASSISTANCE, ETC.

2. VIEWS AS TO THE EFFECT OF DOMESTIC SUBSIDY PROGRAMS
SUCH AS REGIONAL ASSISTANCE UPON THE INTERNATIONAL
COMPETITIVENESS OF URBAN RAILCARS.

3. WHAT COUNTRIES EXPECT TO BE MAJOR EXPORTERS TO THE

U.S. AND THIRD-WORLD COUNTRY MARKETS IN THE FUTURE?
VIEWS OF FOREIGN GOVERNMENTS AND MANUFACTURERS REGARDING
THE POTENTIAL EXTENSION OF U.S. DOMESTIC PREFERENCE
LEGISLATION TO RAILCAR PROCUREMENT.

4. WHAT ARE FOREIGN MANUFACTURERS' VIEWS OF U.S. GOVERN-
MENT SUBSIDIES AND INCENTIVES AFFORDED U.S. MANUFACTURERS
NOW?

5. DETAILED INFORMATION ON FOREIGN PROCUREMENT PROCESS
FOR RAILCARS AND HOW IT DIFFERS FROM THE U.S.

6. TO WHAT EXTENT ARE FOREIGN TRANSIT AUTHORITIES PRO-
CUREMENTS CLOSED TO U.S. FIRMS? IS THIS THE RESULT OF A
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 08 STATE 203417

CONSCIOUS BUY-NATIONAL POLICY OR ARE U.S. FIRMS NON-
COMPETITIVE IN SUCH THINGS AS PRICE AND TECHNOLOGY?

7. WHAT IS THE RELATIONSHIP BETWEEN THE NATIONAL RAIL
SYSTEMS AND THE MANUFACTURERS? TO WHAT EXTENT DOES
DOMESTIC MARKET ALLOCATION EXIST IN THESE COUNTRIES AND
WHAT EFFECT DOES IT HAVE UPON THE INTERNATIONAL
COMPETITIVENESS OF FOREIGN RAILCARS?

8. ARE THE FIRMS FREE TO ENGAGE IN ACTIVITIES WHICH WOULD
BE SUBJECT TO ANTITRUST CHALLENGES IN THE U.S.?

9. FOR FOREIGN FIRMS WHICH HAVE WON U.S. CONTRACTS, WHAT
LEVEL OF U.S. COMPONENTS DO THEY USE? TO WHAT EXTENT ARE
FOREIGN FIRMS WILLING TO EXPAND THIS LEVEL IN ORDER TO
PLACATE PROTECTIONIST FORCES IN THE UNITED STATES?

10. TO WHAT EXTENT ARE FOREIGN FIRMS FORCED TO EXPORT
IN ORDER TO MAINTAIN DOMESTIC EMPLOYMENT LEVELS? WHAT
IS THE STATE OF THE RAILCAR MARKET IN THESE COUNTRIES?

11. WHAT HAS BEEN THE ROLE OF THE FOREIGN GOVERNMENTS IN
THE AWARDS WON IN THE UNITED STATES TO DATE?

5. THE FIELD WORK WILL BE CARRIED OUT BY THREE SEPARATE
GAO TEAMS, ONE FROM GAO/FRANKFURT WHICH WILL VISIT
EUROPEAN POSTS BEGINNING SEPTEMBER 11, ONE FROM GAO/
HONOLULU WHICH WILL TRAVEL TO JAPAN STARTING SEPTEMBER 18
AND A GAO/WASHINGTON TEAM WHICH WILL VISIT CANADA
BEGINNING OCTOBER 17. DATES OF VISIT ARE SUBJECT TO
POST'S CONCURRENCE. INFORMATION REGARDING THE COMPOSITION
AND MEMBERS OF EACH TEAM, TRAVEL PLANS, HOTEL REQUIRE-
MENTS, SECURITY CLEARANCE AND EXACT DATES OF VISIT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 09 STATE 203417

(GAO IS ALLOCATING UP TO TEN WORKING DAYS PER POST, IF NECESSARY) WILL BE PROVIDED BY THE GAO OFFICE CONCERNED AS SOON AS THIS INFORMATION IS AVAILABLE.

6. EMBASSY'S VIEWS REQUESTED CONCERNING ADVISABILITY OF GAO VISIT AND FEASIBILITY OF INTERVIEWS DESIRED. IF ACCEPTABLE, THE GAO WOULD APPRECIATE RECEIVING THE NAME AND TELEPHONE NUMBER OF THE EMBASSY PROJECT OFFICER DESIGNATED TO COORDINATE THIS STUDY WITH THE GAO.

7. IT IS THE DEPARTMENT'S POLICY TO BE OF ASSISTANCE TO THE GAO AND TO BE AS HELPFUL AS POSSIBLE WITHIN THE GUIDELINES OF 4 FAM 930-934. ANY QUESTIONS OR PROBLEMS THAT SHOULD ARISE DURING THE COURSE OF THE VISIT, PARTICULARLY REGARDING GAO ACCESS TO AND/OR RETENTION OF DEPARTMENT FILES OR DOCUMENTS SHOULD BE REFERRED TO THE DEPARTMENT. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STUDIES, URBAN TRANSPORTATION, RAIL TRANSPORTATION
Control Number: n/a
Copy: SINGLE
Draft Date: 11 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE203417
Document Source: CORE
Document Unique ID: 00
Drafter: JHSOUTHERLAND
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780329-0102
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780873/aaaacivw.tel
Line Count: 354
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3ac8f264-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ABF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1766135
Secure: OPEN
Status: NATIVE
Subject: GAO STUDY OF INTERNATIONAL URBAN RAILCAR MARKET HONOLULU
TAGS: AGAO, ELTN, GE
To: BONN BRUSSELS MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3ac8f264-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014